Jefferson County, Wisconsin
Fund Balance Policy

Jefferson County finds that it is essential to maintain an adequate level of fund balance in order to:

- adapt to revenue shortfalls and/or unanticipated expenditures,
- help ensure stable tax rates, and
- provide a measure of liquidity for normal operations while at the same time keeping the County's long range investments intact.

As such, Jefferson County has elected to implement a Fund Balance Policy guided by the "Best Practice" adopted by the GFOA (Government Finance Officers Association) Executive Board in October 2009. The Fund Balance Policy details are indicated below:

1. Jefferson County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Fund Balance Type Definitions.* All definitions within the Fund Balance Policy will be in agreement with GASB Statement No. 54.

2. GASB Statement No. 54 pertains only to governmental funds. Business type funds, such as the Highway Department, shall be assumed to follow GASB Statement No. 54 for the purposes of this policy only.

3. The County's initial investment into Wisconsin Municipal Mutual Insurance Company (WMMIC) is recorded on nonspendable fund balance, but for the purpose of this policy shall be recognized as part of the "working capital".

4. The County's intent is to hold investments long-term in order to lessen the impacts of market fluctuation. To more accurately represent fair market value on investments, an adjustment for the fair market value will be taken out of the calculation for unassigned fund balance.

5. The County shall maintain a minimum of two (2) months of budgeted expenditures within the General Fund for "working capital." This "working capital" shall be maintained to help cover revenue shortfalls, unanticipated expenditures, stabilize the tax rate, and provide liquidity.

6. The County shall maintain a minimum of two (2) months of budgeted expenditures within the Health Department for "working capital." This "working capital" shall be maintained to help cover revenue shortfalls, unanticipated expenditures, and stabilize the tax rate.

7. The Finance Committee shall strive to maintain three (3) months of budgeted expenditures within both the General Fund and Health Department for "working capital."

   a. Should a budget proposed for adoption seek to utilize a portion of this additional "month" of "working capital," the reasoning for the usage of working capital shall be included in the budget document.
   b. In the event of an emergency situation and all other means of funding the emergency have been exhausted, the County Board may utilize the working capital as needed.
   c. Within three months after the adoption of the proposed budget, or use due to an emergency situation, unless already included in the budget document, the County Board shall be informed by the Finance Committee and/or the County Administrator as to either
      i. A plan to restore the three months of working capital and related time frame, or
      ii. The rationale for remaining between two (2) and three (3) months working capital.

8. Budgeted expenditures for the General Fund shall be defined as
   a. Total budgeted expenditures for the entire County in all governmental and business type funds for the immediate prior year (i.e. most recently adopted budget) less total budgeted expenditures for the Health Department for the immediate prior year.
   b. Total budgeted expenditures shall include operating, capital, and debt expenditures.
   c. Any budgeted capital or debt expenditures funded through bond proceeds shall be excluded.

9. Budgeted expenditures for the Health Department shall be defined as total budgeted expenditures for the immediate prior year (i.e. most recently adopted budget).

10. Any amount above three (3) months of budgeted expenditures for both the General Fund and Health Department shall be considered as the fund's unassigned fund balance. During the preparation of the budget for the subsequent year, the Finance Committee shall recommend to the County Board its plan for usage of this unassigned fund balance. This usage shall be limited to:
    a. Fund capital outlay, being specific on purpose and timing of said outlay.
    b. Repayment of debt.
    c. Reduction of tax levy.

11. In the event that the Health Department's "working capital" does not meet the minimum required amount of two (2) months of budgeted expenditures or three (3) months of budgeted expenditures at the election of the Finance Committee,
    a. The tax levy for the Health Department shall be increased to methodically bring the working capital up to required levels within a maximum of five (5) years.
    b. The budget document shall include a recap of the methodology being used.
    c. The calculation for unassigned funds within the General Fund shall be based upon total budgeted expenditures for all funds including the Health Department.

12. All departments shall transfer all remaining balances at year end to the General Fund, unless these balances are requested and approved to be non-lapsing. All funds within the Health Department shall automatically be retained by the Health Department.

13. Non-lapsing requests, both discretionary and non-discretionary, are defined below. Examples are included, but it should be noted that these lists are not all inclusive.
    a. Non-discretionary
        i. Non-spendable, because of their form. Examples include:
1. Inventory
2. Delinquent property taxes
3. Prepaid expenditures
        ii. Restricted, because of externally enforceable limitations on use. Examples include:
1. Statutory limitations
2. Specific donor limitations
3. Signed contracts and/or purchase orders with vendors
4. Specific state agency limitations
5. Unspent bond proceeds.
    b. Discretionary, which are classified as committed under GASB Statement No. 54. Examples include:
        i. Balances that result from funded depreciation, not already affected by signed contracts and/or purchase orders with vendors.
        ii. Available departmental surpluses desired to be used for future appropriations.
        iii. Special circumstances that shall be considered by the Finance Committee.
14. Final written requests for both discretionary and non-discretionary non-lapsing items from all departments are due to the Finance Department in mid-February of the succeeding year. Thereafter, the Finance Committee will propose a resolution to the County Board with its recommendations concerning carrying over of discretionary items. The resolution will, in the fiscal note, show the various categories.

15. The County specifically intends that all liability reflecting employee vested benefits shall include (a) 100% of the calculated liability for vested vacation pay; (b) 65% of the calculated liability for vested sick pay; (c) 100% of the calculated liability for vested holiday pay; and (d) 100% of the calculated liability for vested compensatory time pay with all categories designated as "assigned" fund balances as defined under GASB Statement No. 54. While it may be argued that the County does not have to accrue these liabilities for governmental funds, the County has elected to fully fund these liabilities with an assigned fund balance.

Adopted by Jefferson County Board of Supervisors on October 25, 2011 (Resolution No. 2011-61) Modified on July 10, 2012 (Resolution No. 2012-30) Modified on July 14, 2015 (Resolution No. 2015-29)